

# **Lowell Public Schools**

## **Finance Subcommittee Meeting**

### **February 23, 2022**



# AGENDA

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## *Continuous Review of Two Budget Years Simultaneously To Ensure Maximizing Every Funding Stream*

- Budget to Actuals for FY21/22
- Revolving Account Balances YTD
- Grant Revenue YTD
- FY22/23 Revenue Projections/Comparison
- State Budget Cycle
- Update on Governor's numbers/Ch70
- Foundation Budget by DESE
- Changes due to Student Opportunity Act
- Bottled Water Information
- Next Steps
- Addendum

# Lowell Public Schools






## YTD Budget Report As of 1/25/2022

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 0010 GENERAL FUND	194,284,378	9,032,457	203,316,835	88,416,115.70	10,992,686.72	103,908,032	48.

Per the approved budget, Munis YTD reflects the \$194 million plus \$9 million in carryover purchase orders. We have spent 48% (includes encumbrances) thus far. Memo and full report included in SC package.



# Revolving Account Balances as of 2-18-22

Fund	Description	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 YTD
1102	Athletic Revolving Fund <i>Funds from participation fees and program receipts. Athletic and extracurricular programs, awards, equipment and facilities</i>	\$ 2,234	\$ 3,783	\$ 13,020	\$ 23,312	\$ 32,087
1103	Non-Resident Student Tuition Revolving Fund <i>Funds from non-resident tuition payments and State reimbursements for foster care children Education expenses of non-resident and foster care children enrolled in school. Including salaries, supplies and equipment</i>	\$ 37,262	\$ 65,643	\$ 76,313	\$ 362,651	\$ 483,644
1106	Use of School Facilities Revolving Fund <i>Funds from fees and charges for use of school facilities and other school parking fees Upkeep of school facility expenses including custodial costs, utilities, or ordinary repairs and maintenance etc.</i>	\$ 48,573	\$ 137,006	\$ 283,461	\$ 293,331	\$ 132,427
1113	School Choice Tuition Revolving Fund <i>Funds from school choice payments and Federal, State or other payments, gifts, and grants. Education expenses of non-resident children enrolled in school. Including salaries, supplies and equipment</i>	\$ 159,823	\$ 122,173	\$ 167,727	\$ 202,727	\$ 216,855
1127	Full Day Pre-School Revolving Fund <i>Tuition payments collected Education expenses for children enrolled in full day kindergarten. Including salaries, supplies and equipment</i>	\$ 47,451	\$ 47,451	\$ 47,451	\$ 47,451	\$ 47,451
1129	Community Schools Revolving Fund <i>Funds from participation fees and program receipts. Stipends, materials and equipment for community school programs</i>	\$ 74,177	\$ 66,654	\$ 71,301	\$ 72,403	\$ 66,413
1201	Food Service Revolving Fund <i>Fees from sale of lunch and other meals, school lunch grant funds. Provides funding for the operation of the food service program.</i>	\$ (157,300)	\$ 2,756,222	\$ 3,654,835	\$ 4,401,533	\$ 4,266,038
1324	Special Education Circuit Breaker <i>State special education reimbursement program Reimburse the general fund for out of district tuition</i>	\$ (513,663)	\$ 330,336	\$ 3,703,387	\$ 3,624,260	\$ 5,555,570
<b>Major Fund Balances</b>		<b>\$ (301,390)</b>	<b>\$ 3,557,480</b>	<b>\$ 8,024,095</b>	<b>\$ 9,027,674</b>	<b>\$ 10,802,691</b>
<b>Percentage of Gen.</b>		<b>\$ 162,342,846</b>	<b>\$ 165,522,325</b>	<b>\$ 173,383,148</b>	<b>\$ 182,630,536</b>	<b>\$ 194,284,378</b>
		-0.13%	2.15%	4.47%	4.94%	5.56%
						
8395	Sped Stabilization Account	\$ -	\$ -	\$ -	\$ 1,368,458.00	\$ 1,368,458.00

## Grants Revenue YTD

Lowell 31 Grants		2 Other Funds		
Sorted by Fund Code				
	Fund Title	Approved Grant Amount	FY22 Y Revenue	
1138	Diverting Juveniles and Emerging Adults from Criminal Ju	\$ 50,000.00	\$ 50,000.00	
1144	No Kid Hungry Campaign	\$ 25,000.00	\$ 25,000.00	
1153	Early College Promise Planning Phase	\$ 230,000.00	\$ 230,000.00	
1501	Development and Expansion of High Quality Summer Lea	\$ 40,000.00	\$ 4,000.00	
1510	GED Test Centers	\$ 7,333.00	\$ 733.00	
1524	Quality Enhancements in ASOST SY	\$ 10,500.00	\$ 1,050.00	
1524	Quality Enhancements in ASOST SUMMER	\$ 33,000.00	\$ 3,300.00	
1526	Increased Access to Quality Afterschool and Summer Lea	\$ 136,340.00	\$ 136,340.00	
1530	Civics Teaching and Learning	\$ 34,382.00	\$ 3,438.00	
1570	Coordinated Family & Comm	\$ 300,105.00	\$ 88,212.00	
1580	Digital Literacy Now Grant Part 2	\$ 42,800.00	\$ 39,384.00	
1602	Title IV Student Support and Academic Enrichment	\$ 384,177.00	\$ 38,417.00	
1603	SPED Idea (Para grant)	\$ 1,002,581.00	\$ 100,258.00	
1604	Title I Distribution	\$ 5,581,624.00	\$ 1,253,329.00	
1605	ARRA Sped	\$ 83,138.00	\$ 81,530.00	
1611	SPED 94-142 Allocation	\$ 4,407,365.00	\$ 1,100,681.00	
1612	ESSER II	\$ 17,882,434.00	\$ 2,787,563.00	
1613	American Rescue Plan - Homeless Children and Youth	\$ 123,107.00	\$ 12,310.00	
1615	McKinney	\$ 30,000.00	\$ 3,000.00	
1617	Summer School Expansion and Engagement	\$ 100,000.00	\$ 56,786.00	
1618	Early Childhood SPED	\$ 36,507.00	\$ 3,650.00	
1628	SPED/21st Century-Enhanced	\$ 50,000.00	\$ 5,000.00	
1629	GLEAM	\$ 55,500.00	\$ 5,550.00	
1632	Supplement	\$ 35,000.00	\$ 3,500.00	
1636	OCC Ed	\$ 127,023.00	\$ 74,287.00	
1641	21st Century Community Learning Centers Supporting A	\$ 400,000.00	\$ 38,613.00	
1644	SEL/MHG	\$ 250,000.00	\$ -	
1644	SEL/MHG	\$ 100,000.00	\$ -	
1651	Adult Basic Education D.	\$ 1,077,117.00	\$ 220,527.00	
1655	Farm to School	\$ 36,325.00	\$ -	
1656	Commonwealth Preschool Partnership Initiative (CPPI)	\$ 625,000.00	\$ 220,135.00	
1659	School Redesign	\$ 314,877.00	\$ 132,643.00	
1661	ABE plus IELCE	\$ 314,347.00	\$ 31,434.00	
1663	Turnaround	\$ 125,000.00	\$ 12,500.00	
1678	LEP Support	\$ 573,463.00	\$ 126,156.00	
1679	Teacher Quality	\$ 583,652.00	\$ 224,503.00	
1682	21st Century Comm. Learning	\$ 351,216.00	\$ 311,751.00	
1684	21st Century Comm. Learning	\$ 611,534.00	\$ 158,237.00	
1691	Remote Learning Partnership	\$ 500,000.00	\$ 122,530.00	
1695	Summer Acceleration Academy	\$ 313,600.00	\$ 317,334.00	
1699	ESSER III	\$ 40,167,351.00	\$ 4,016,735.00	
		\$ 78,017,870.00	\$ 12,203,562.00	

## Comparison of FY21/22 and FY22/23 Finances

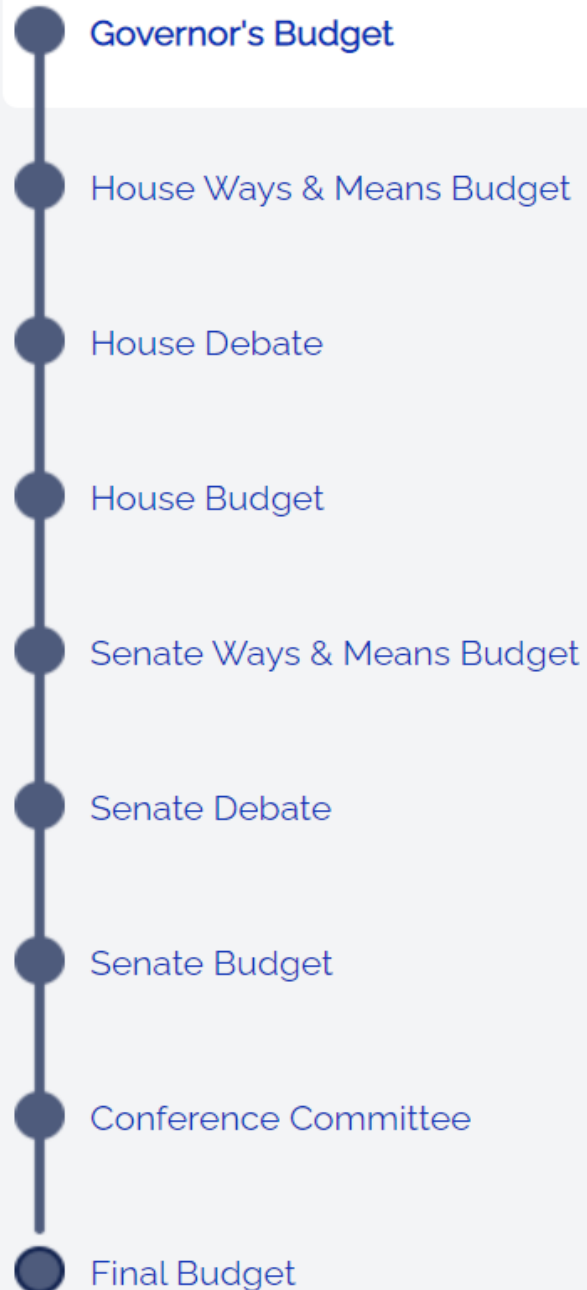
			<b>FY21/22 Budget</b>		<b>FY21/22 Projected</b>		<b>FY22/23</b>
							<b>Change</b>
Revenue Sources:							
	Chapter 70 State Aid		\$ 178,548,325.00		\$ 178,548,325.00		\$ 22,421,694.00
	City Cash (Required Minimum Contribution)		\$ 15,736,053.00		\$ 15,736,053.00		\$ -
	ESSER Grants		\$ 38,586,420.00		\$ 5,000,000.00		\$ -
	Other Grants (ESSA, SPED, Adult Ed, etc)		\$ 11,534,664.00		\$ 11,534,664.00		\$ -
	Offsets by Revolving Accounts		\$ 6,180,259.00		\$ 5,000,000.00		\$ (1,180,259.00)
			<u>\$ 250,585,721.00</u>		<u>\$ 215,819,042.00</u>		<u>\$ 271,827,156.00</u>
	Expenditures		<u>\$ 250,585,721.00</u>		<u>\$ 250,585,721.00</u>		<u>\$ 271,827,156.00</u>



## FY22 BUDGET PROCESS

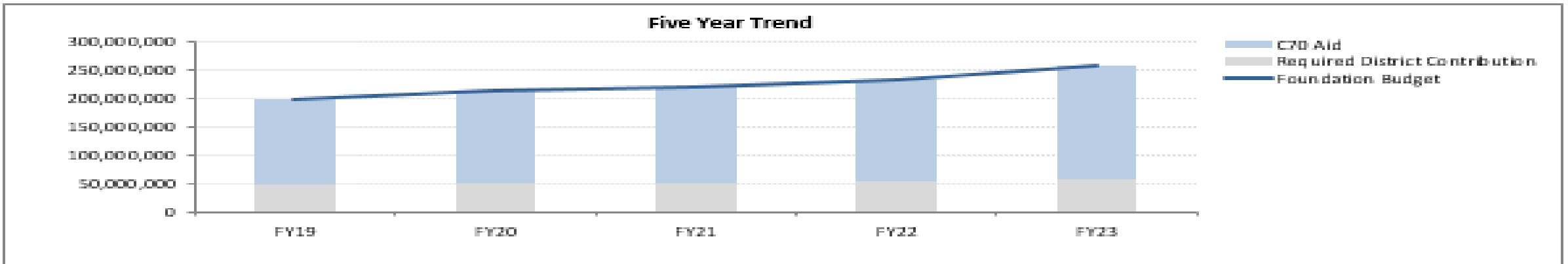
### About this step

The annual budget process begins each year when the Governor files recommendations as a bill with the House of Representatives. Under the state Constitution, the Governor must submit a proposal by the 4th Wednesday of January or, in the event of a new term, within five weeks later. This bill is called House 1 or "House 2" depending on the year.



## Comparison to FY22

	FY22	FY23	Change	Pct Chg
Enrollment	16,047	16,103	56	0.35%
Foundation budget	232,660,515	257,876,445	25,215,929	10.84%
Required district contribution	54,112,190	56,906,426	2,794,236	5.16%
Chapter 70 aid	<b>178,553,488</b>	<b>200,970,019</b>	22,416,531	12.55%
Required net school spending (NSS)	232,665,678	257,876,445	25,210,767	10.84%
Target aid share	74.10%	74.16%		
C70 % of foundation	76.74%	77.93%		
Required NSS % of foundation	100.00%	100.00%		





FY23 Chapter 70 Foundation Budget

160 Lowell

	Base Foundation Components							Incremental Costs Above the Base					13	14
	1	2	3	4	5	6	7	8	9	10	11	12		
	Pre-school	----- Kindergarten ----- Half-Day	Full-Day	Elementary	Junior/ Middle	High School	Vocational	Special Ed In-District	Special Ed Tuitioned-Out	English learners PK-5	English learners 6-8	English learners High School/Voc		
Foundation Enrollment	574	0	1,248	6,631	4,184	3,687	66	611	158	2,715	893	734	12,067	16,103
1 Administration	121,579	0	528,665	2,808,958	1,772,384	1,561,850	27,958	1,786,326	515,519	274,649	95,346	73,128	1,009,043	10,575,406
2 Instructional Leadership	219,572	0	954,820	5,073,245	3,201,095	2,820,850	50,495	0	0	480,609	166,839	127,966	4,780,704	17,876,196
3 Classroom & Specialist Teachers	1,006,825	0	4,378,109	23,261,880	12,916,426	16,738,316	509,372	5,894,415	0	3,364,129	1,167,883	895,744	46,668,640	116,801,739
4 Other Teaching Services	258,220	0	1,122,900	5,966,309	2,709,935	1,988,030	35,587	5,503,534	7,875	480,609	166,839	127,966	0	18,367,804
5 Professional Development	39,818	0	173,235	920,582	629,650	538,007	15,923	284,341	0	137,298	47,668	36,553	2,264,131	5,087,206
6 Instructional Materials, Equipment & Tech	145,721	0	633,684	3,366,957	2,124,468	2,995,319	93,832	248,182	0	343,257	119,171	91,398	347,047	10,509,036
7 Guidance & Psychological Services	87,914	0	382,325	2,031,407	1,517,495	1,570,441	28,112	0	0	205,960	71,511	54,837	1,889,813	7,839,815
8 Pupil Services	29,136	0	126,747	1,010,034	1,041,021	2,115,416	37,868	0	0	68,690	23,834	18,284	9,819,763	14,290,792
9 Operations & Maintenance	279,584	0	1,215,739	6,459,589	4,418,722	3,775,488	126,487	1,995,404	0	823,867	286,010	219,363	0	19,600,253
10 Employee Benefits/Fixed Charges*	374,013	0	1,626,344	8,641,453	5,730,030	4,520,852	110,416	2,263,022	0	755,232	262,176	201,087	7,548,995	32,033,617
11 Special Education Tuition*	0	0	0	0	0	0	0	0	4,894,582	0	0	0	0	4,894,582
12 Total	2,562,382	0	11,142,568	59,540,412	36,061,227	38,624,570	1,036,049	17,975,223	5,417,976	6,934,300	2,407,278	1,846,326	74,328,135	257,876,445
13 Wage Adjustment Factor	100.0%	Foundation Budget per Pupil										16,014		
*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.														
14 Low-income percentage	76.03%	English learner foundation budget as % total foundation budget										4.3%		
15 Low-income group	11	Low-income foundation budget as % total foundation budget										28.8%		

# Lowell Public Schools

## Foundation Budget for FY22 and FY23 Compared

		FY22			FY23			Change		
		Enrollmen	Total	Rate	Enrollmer	Total	Rate	Enrollmer	Total	Rate
<b>Base Foundation Components</b>										
	PreSchool	491	\$ 2,072,054	\$ 4,220	574	\$ 2,562,382	\$ 4,464	83	\$ 490,328	\$ 244
	Full Day Kdrg	1175	\$ 9,917,317	\$ 8,440	1248	\$ 11,142,568	\$ 8,928	73	\$ 1,225,251	\$ 488
	Elementary	6687	\$ 56,764,940	\$ 8,489	6631	\$ 59,540,412	\$ 8,979	-56	\$ 2,775,472	\$ 490
	Middle	4303	\$ 35,035,499	\$ 8,142	4184	\$ 36,061,227	\$ 8,619	-119	\$ 1,025,728	\$ 477
	High School	3326	\$ 33,078,101	\$ 9,945	3687	\$ 38,624,570	\$10,476	361	\$ 5,546,469	\$ 531
	Vocational	310	\$ 4,635,362	\$ 14,953	66	\$ 1,036,049	\$15,698	-244	\$ (3,599,313)	\$ 745
<b>Incremental Costs Above Base</b>										
	Special Ed- In District (3.86% assumed)	608	\$ 17,114,592	\$ 28,149	611	\$ 17,975,223	\$29,419	3	\$ 860,631	\$ 1,270
	Special Ed - Tuitioned Out (1% assumed)	155	\$ 4,904,360	\$ 31,641	158	\$ 5,417,976	\$34,291	3	\$ 513,616	\$2,650
	English Learners Pre-5	2497	\$ 5,990,203	\$ 2,399	2715	\$ 6,934,300	\$ 2,554	218	\$ 944,097	\$ 155
	English Learners 6-8	816	\$ 2,057,046	\$ 2,521	893	\$ 2,407,278	\$ 2,696	77	\$ 350,232	\$ 175
	English Learners - HS	676	\$ 1,463,188	\$ 2,164	734	\$ 1,846,326	\$ 2,515	58	\$ 383,138	\$ 351
	Low Income	11207	\$ 59,627,852	\$ 5,321	12067	\$ 74,328,135	\$ 6,160	860	\$14,700,283	\$ 839
<b>Total</b>		<b>16047</b>	<b>\$ 232,660,514</b>	<b>\$ 14,499</b>	<b>16103</b>	<b>\$257,876,445</b>	<b>\$ 16,014</b>	<b>56</b>	<b>\$ 25,215,931</b>	<b>\$ 1,515</b>
<b>Foudation Budget Per Pupil</b>			<b>\$ 14,499</b>			<b>\$ 16,014</b>			<b>\$ 1,515</b>	

### Notes:

Foundation enrollment does not include counts from incremental costs above base  
 Sped enrollment is an assumed percentage; our actuals are much higher than this assumed rate  
 Significant decrease in vocational dollars  
 Increase to rate provided for sped, ELL and low income  
 Approx 350 additional EL students  
 Approx 860 additional low income students

# NEXT STEPS FOR FY22/23 BUDGET PROCESS

NEXT STEPS												
Finance	January 5th		SC: Update on Budget Process									
Finance	January 19th		Quarterly Update for FY21/22									
Finance	February 2nd		SC: FY21/22 Budget to Actuals; Update on Governor's Budget; Comparison of Foundation Budget/SOA									
Finance	February 2nd		Principals: send current year FSF workbooks to reacquaint with the format									
Finance	February 9th		Training for School Site Councils									
Finance	February 16th		SC: Update on SBB pool, Weights, Baseline rules, guardrails, sample workbooks: Budget Adj proposal									
Finance	February TBD		Finance Subcommittee Meeting									
Finance	March 2nd		SC: Update on Summary of Impact to Schools & transition policies									
Finance	March 4th		Principals: send their funding summary and workbooks to them									
Finance	March 8th-March 19th		Principals: Budget drop ins with CFO									
Finance	March 22nd - April 1st		Principals: Budget Defense									
Finance	March TBD		Finance Subcommittee Meeting									
Finance	April 7th		SC: Budget update for current year and FY21/22									
Finance	April 21st		SC: Budget update for current year and FY21/22									
Finance	April TBD		Finance Subcommittee Meeting									
Finance	May 4th		SC: Budget FY22/23 Budget Presentation									
Finance	May 9th (Monday)		SC: Budget Public Hearing									
Finance	May TBD if needed		SC: Budget Public Hearing									
Finance	May 18th		SC: Budget Adoption									

Suggested Subcommittee  
Dates to confirm with SC:

2/17/22

3/16/22

4/6/22

# Addendum



## Other issues to mention:

- School CFO and City Auditor discussed the questions on bottled water on 2/17/22 and are on the same page. Now we are working on the solutions on what method will be used to get the vendor paid.
- Axiom contract (copiers) – they are having hard time providing ink to our district. We are working with Law on possibly canceling the contract.
- Baystate bills – continued to work after told not to.

## Questions Asked



**Christine P. O'Connor**  
*City Solicitor*

**Kerry Regan Jenness**  
*1st Assistant City Solicitor*

**Nicholas Anastasi**  
**Helen Anderson**  
**Mark Jorgensen**  
**Elliott J. Veloso**  
*Assistant City Solicitors*

To: Members of the School Committee  
From: Christine P. O'Connor, City Solicitor  
CC: Dr. Joel Boyd, Billie Jo Turner, Dr. James P Hall, Kelly Oakes  
Date: January 28, 2022  
Subject: Outstanding Water Bill

I write in response to a request from School Committee member J. Doherty for more information on the unpaid \$119,000.00 water bill discussed at the last school committee meeting. The law department became aware of an unpaid water bill shortly before a December 21<sup>st</sup> with members of the school department. During the meeting I was asked to speak to the auditor regarding this unpaid bill.

Following a January 6<sup>th</sup> meeting with the auditor, the following questions were sent to central office. In order for law and auditing to properly assess next steps, these questions need to be addressed and additional information needs to be provided.

- Although a check was issued to LPS for \$119k for bottled water, where and from whom did LPS actually purchase the water?
- Why wasn't a contract/PO made out directly to the vendor?
- When was the water purchased/delivered?
- What was the quantity and unit price? (of the paperwork we reviewed, there is no indication of a unit price or of a quantity)
- Who created "invoice" 772021? From an auditing standpoint, the invoice is troubling since LPS is clearly not the actual vendor, and the issuance has resulted in both an overage and underage in the accounting of expenditures and receipts in the Milk and Lunch Fund. Both auditing and law would like to meet with those involved in this purchase to explain the problems and guard against this happening in the future.
- Was there an initial payment out of grant money?
- There are also several accounting and procurement irregularities that we would to discuss further: deeming this an emergency procurement; stating that a contract is not needed for an emergency procurement; proposing a "flow through"/no-bid payment to Aramark; creating a false invoice.

From my meeting with the auditor it appeared that this was information that had been previously requested. Once the information is provided, the auditor and law department will review with school personnel as to what occurred, how best to correct it, and to develop procedures to further guard against this happening in the future.



**Question 1: Although a check was issued to LPS for \$119k for bottled water, where and from whom did LPS actually purchase the water?**

**Answer:** Water was purchased from our Food Service Management Company “Aramark” during the pandemic. We were told by City Hall that we could not use the water fountains in school due to Covid. An email from Beth Moffet referencing an earlier directive to NOT use the water fountains but must still offer a water source clearly supports the fact that we were unable to offer water to students through water fountains. **Delivery to each school was tracked. Principals worked with food service staff to order two bottles per student per day.** ***Dilemma: 7 CFR 210.10(a)(1)(i) demands that schools must make potable water available and accessible without restriction to children at no charge in the place(s) where lunches are served during the meal service.***



## Question 2: Why wasn't a contract/PO made out directly to the vendor?

**Answer:** Section 5.A.2 and S11 of the current Aramark contract allows the vendor to purchase water and other supplies for us. This was confirmed by the state auditor Peter McLoughlin on the phone and via email.

### 5. FOOD SERVICE:

#### A. ARAMARK shall serve, on such days and at such times as requested by District:

1) Meals, priced as a unit, which meet the meal component requirements prescribed by USDA. District and ARAMARK will encourage maximum participation in the National School Lunch and Breakfast Programs.

2) Such other food as may be agreed upon by ARAMARK and District. A la carte offerings will comply with applicable Federal and State regulations.

11. **PURCHASING:** ARAMARK shall purchase and pay for, as a Direct Cost, all food supplies and services utilized in District's Food Service Program. Such purchases shall be made exclusively for the benefit of District and shall be used solely in District's Food Service Program. All food and related supplies purchased on behalf of District shall be kept separate and apart and title thereto shall remain in District at all times. All such purchases shall be made in the name of District. ARAMARK will credit all



**Question 3: When was the water purchased/delivered?**

**Answer:** The water was ordered by principals with the plan to have two bottles per day for each student. Since it was with our current food service vendor, the water was delivered with other food deliveries weekly.

**Question 4: What was the quantity and unit price? (of the paperwork we reviewed, there is no indication of a unit price or of a quantity)**

**Answer:** The unit price was .16 cents per bottle. We are currently paying more per bottle through the state contract. **Please note that we don't pay anything but COST to Aramark since we pay them to provide a service – not products. In addition, we benefit from their nationwide price leverage.** The order sheets are by school by week and are available for audit documentation.



**Question 5: Who created “invoice” 772021? From an auditing standpoint, the invoice is troubling since LPS is clearly not the actual vendor, and the issuance has resulted in both an overage and underage in the accounting of expenditures and receipts in the Milk and Lunch Fund. Both auditing and law would like to meet with those involved in this purchase to explain the problems and guard against this happening in the future.**

**Answer:** LPS had an in house food service program until 2010. In 2011, we began to outsource our food service program to a food service management company. Since 2011, we have been using the same accounting procedure that is being questioned above. When non-reimbursable products are bought by the FSMC for LPS, the cost hits the revolving account. Since this is not an allowed exp for the revolving account, there needs to be a paper trail showing the non-reimbursable cost being reimbursed in the revolving account by the local budget account. This was suggested and confirmed by the state auditor Peter McLoughlin. In addition, Auditing created the vendor “LPS Food Service Department” as vendor 44939 to allow us to create invoices from LPS Food Service to LPS General Fund. There are nearly 100 occurrences when LPS Food Service has billed LPS General Fund. In other words, there are nearly 100 times in which LPS General has cut a check to LPS Revolving.

**Question 6: Was there an initial payment out of grant money?**

**Answer:** No. We intended the purchase order to hit the local or ESSER account since this cost was due to COVID. Unfortunately, there was a MISTAKE and the purchase order hit the revolving acct. LPS CFO is now working with the City Auditor to determine next steps.

**Question 7: There are also several accounting and procurement irregularities that we would (like) to discuss further: deeming this an emergency procurement; stating that a contract is not needed for an emergency procurement; proposing a “flow through”/no-bid payment to Aramark; creating a false invoice.**

**Answer:** LPS recognizes that we are all capable of mistakes and would always be willing to work together to identify improved ways of handling things. However, in this case, LPS followed a practice that was used for ten years.

- 1) Not having access to water for children and staff during a pandemic in buildings whose heat cannot be controlled and masks were mandated is an emergency. However, we did NOT use emergency procurement. Rather, we used the current contract to obtain the water. Furthermore, SDWA H906 states that a school or child care center may, consistent with other obligations in law, remove select drinking water outlets from operation in lieu of installing certified point-of-use filters on those drinking water outlets, so long as every child has reasonable access to free, lead-free and safe drinking water.
- 2) A new employee may have been misunderstood when explaining that we don't need a contract since we already have one.



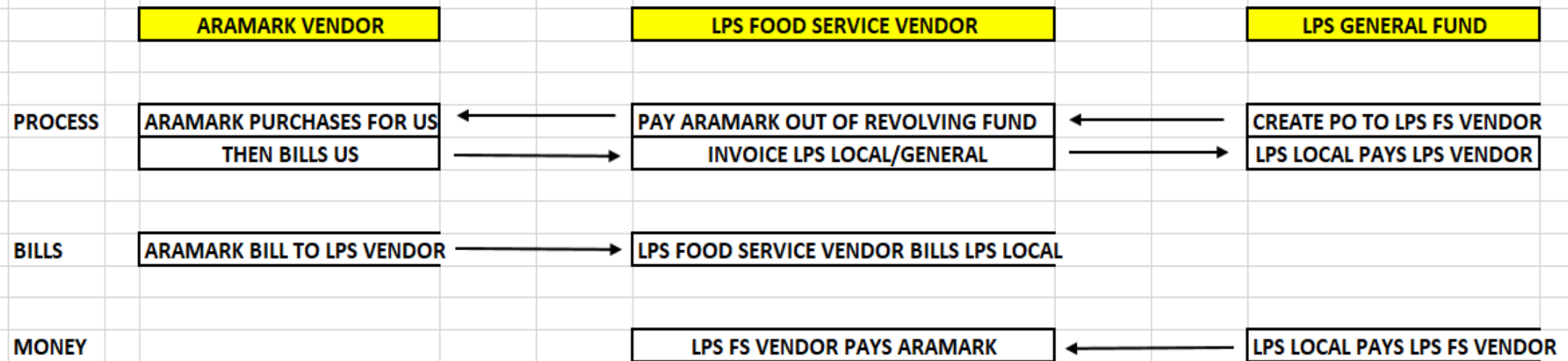
## Question 7: Continued

### Answer:

3) We did not propose a flow through no bid pmt. We explained that the intention was to have a **paper trail for Food Service auditors showing the flow of non-reimbursable cost of water which hit the revolving account was reimbursed from the local accounts**. This is how other non-reimbursable expenses are paid too (eg. Catering services). Over 100 other transactions were handled in this manner and several previous Auditors allowed it. Since vendors are created by Auditing, I am confident that this process was probably discussed with Auditing staff years ago.

4) We DID NOT create a false invoice. LPS had an in house food service program until 2011. Since 2011 when a food service management company started, we have been using this practice. Per the next slide, there are ten years of transactions showing LPS Food Service (vendor created BY AUDITING) invoicing LPS for non-reimbursable costs. Having a check cut from LPS General Fund to LPS Food Service would show the reimbursement of costs such as water or catering that are not reimbursable. It is a method to separate reimbursable from non-reimbursable costs.

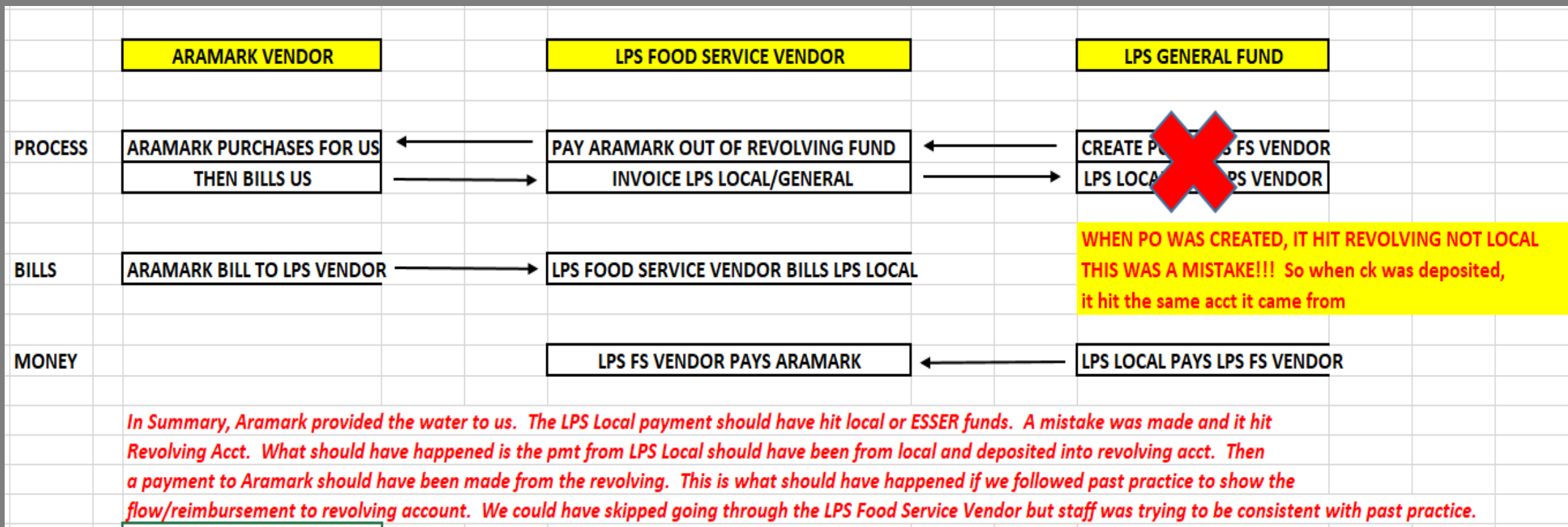




*In Summary, Aramark provides a service/product and their bill hits our revolving account/food service program. Since non-reimbursable costs cannot stay in revolving account, we must show the revolving account being reimbursed. So, historically, LPS FS vendor bills LPS Local Budget so that the payment can reduce the cost in the revolving account.*

**THIS IS HOW IT HAS BEEN PRACTICED OVER THE YEARS**





**AT LEAST TEN YEARS OF USING THIS PRACTICE (INVOICES INCLUDED)**

Row Labels	Sum of Account Amt
2011	4,207.42
990	1,559.20
89020322	Food and beverages
Snacks for MCAS Testing March 7 & 8, 2011	
89020345	2015
Snacks for MCAS Testing May 2011	920
	82060094
	Reimbursement for
993	993
89321081	89360127
SERVICE (CATERING) PROVIDED AS NEEDED	CATERED CELEBRATI
89321333	89360146
SERVIC (CATERING) PROVIDED AS NEEDED	FOOD AND SUPPLIES
	89360254
	Food provided for th
2012	89360292
993	Food and beverages
89330419	89361371
Food and supplies as needed for the Lowell Public Schools	SUPERINTENDENT A
89330734	89361483
SERVICES AS NEEDED FOR THE LOWELL SCHOOL DEPT. 2011 - 2012	FOR SUPERINTEDE
89331064	2016
FOOD SERVICES PROVIDED TO LOWELL PUBLIC SCHOOLS FOR PRINCIPAL INTERVIEW COMMITTEE	
89331491	89371840
FOOD FOR MEETING	
2013	920
940	82070032
84040050	See Attached Invoice
Reilly Student Cookout	986
	88670028
	SALS PIZZAS - ON 10
993	993
89340060	89370049
SUPPLIES AS NEEDED BY THE LOWELL PUBLIC SCHOOLS 2012 - 2013	Food and Beverages
89340160	89370291
Food and supplies as needed for the Lowell Public Schools	Food and Beverages
89341132	89370800
Food and beverages for LPS Meetings	Food and Beverages
89341436	89370866
	CATERING SERVICES
	89371248
	1,000.00
	162.50

- Food and beverages as needed for LPS meetings: school year 2014
- 2015
  - 920
    - 82060094
      - Reimbursement for Lincoln School MCAS Breakfast March 2015
  - 993
    - 89360127
      - CATERED CELEBRATION OF LEARNING FOR STOKLOSA SCHOOL.
    - 89360146
      - FOOD AND SUPPLIES AS NEEDED
    - 89360254
      - Food provided for the Lowell Teacher Academy Orientation @Butler School on Aug. 18, 19, 20, 21
    - 89360292
      - Food and beverages for the Lowell Public Schools Leadership meetings for the 2015 school year.
    - 89361371
      - SUPERINTENDENT AND LINCOLN CATERING
    - 89361483
      - FOR SUPERINTENDENT RECEPTIONS & LUNCHES
- 2016
  - 89371840
  - 920
    - 82070032
      - See Attached Invoice #258
  - 986
    - 88670028
      - SALS PIZZAS - ON 10/2/2015
  - 993
    - 89370049
      - Food and Beverages as needed for the LPS Leadership Meetings/LTA
    - 89370291
      - Food and Beverages as needed for the LPS meetings/leadership. School year 2016
    - 89370800
      - Food and Beverages as needed for the LPS meetings/leadership. School year 2016
    - 89370866
      - CATERING SERVICES FOR THE BUSINESS AND SUPERINTENDANTS OFFICE
    - 89371248

2017	24,018.15
984	56.50
17006607	56.50
LEMONADE FOR STUDENTS FOR AFTER SCHOOL PROGRAM	56.50
990	2,800.00
17006685	1,750.00
BILL FOR SENIOR ATHLETIC BANQUET	1,750.00
17007128	1,050.00
Spring Athletic breakfast	1,050.00
993	21,161.65
17000487	240.00
CATERING FOR 30 GUESTS.	240.00
17000764	1,276.65
CATERING SERVICE	1,276.65
17001093	383.75
CATERING	383.75
17001238	3,500.00
CATERING AS NEEDED FOR LEADERSHIP AND MEETINGS.	3,500.00
17001575	382.50
SEE ATTACHED QUOTE FOR CATERING SERVICES FOR SPED PD MEETING AT 144 MERRIMACK STREET	382.50
17002752	55.00
CATERING EVENT FOR THE SUPERINTENDENT	55.00
17003049	4,000.00
OPEN ORDER FOR EVENTS HELD BY THE BUSINESS OFFICE	4,000.00
17003094	95.00
CATERING SERVICES FOR LEADERSHIP MEETING ON 11/9/16 AT 144 MERRIMACK STREET. PLEASE	95.00
17003752	4,000.00
CATERING AS NEEDED FOR LEADERSHIP AND MEETINGS.	4,000.00
17004419	382.50
PER ATTACHED QUOTE: CATERING EVENT ON 1/6/2017 FOR SPED EVENT.	382.50
17005073	307.50
PER ATTACHMENT: LPS FOOD SERVICES TO PROVIDE CATERING SERVICES	307.50
17005502	79.00
CATERING EVENT AT MOLLOY SCHOOL ON 3/1/17	79.00
17005943	711.25
BUTLER DEDICATION EVENT	711.25
17006181	398.00
17006181	398.00
195.00	
480.00	
480.00	
480.00	
10,410.72	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
491.35	
491.35	
199.00	



## EXAMPLES OF HOW LPS FS VENDOR BILLS LPS FOR NON-REIMBURSABLE COSTS; AGAIN – AUDITING CREATED THIS VENDOR FOR US TO DO THIS

### Lowell Public Schools Food Service Catering Invoice

Event Name: Mayors Event  
Contact Person: Deb Jarvis  
Location/Address: City Hall  
Date: 6/19/2019

Invoice #: 61  
Food and Nutrition Dept.  
155 Merrimack Street, 4 Floor  
Lowell, MA 01852  
Phone: 978-674-2069  
Email: apalladino@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
6/19/2019	Appetizers	55	\$10.00	\$550.00
	Dessert			
	Beverages			

Event Name: Mayor's Reception  
Contact Person: Kelly Ryan  
Location/Address: City Hall  
Date: 6/20/2018

Invoice #: 30

Food and Nutrition Dept.  
155 Merrimack Street  
Lowell, MA 01852  
Phone: 978-674-2069  
Fax: 978-275-6363  
Email: palladino-anthony@aramark.com  
Contact Person: Anthony Palladino

Date of Event	Menu Items	#Guest	Price Per Person	Total
6/20/2018	Hors d'oeuvres (Ceasear Cups, Meats, Cheese Platters)	30	\$10.00	\$300.00
	Flavored Water			

### Lowell Public Schools Food Service Catering Invoice

Event Name: Cassidy's Breakfast  
Contact Person: Minerva  
Location/Address: 155 Merrimack Street 5th Floor  
Date: 10.6.17

Invoice #: 11  
Food and Nutrition Dept.  
155 Merrimack Street, 4th Floor  
Lowell, MA 01852  
Phone: 978-674-2069  
Email: apalladino@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
9/11/2017	Assorted Breakfast	90	\$5.00	\$450.00
	Coffee and tea	90	\$5.00	\$0.00
	Fruit Platter	90	\$5.00	\$0.00

Event Name: Bottled water  
Contact Person: Jim Hall  
Location/Address: 155 Merrimack St  
Date: 8/19/2021

Invoice #: 772021  
Food and Nutrition Dept.  
43 Highland St  
Lowell, MA 01852  
Phone: 978-674-2069  
Email: aspooner-gomez@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
School year	8 oz bottled water			\$ 119,834.97
2020-2021				



AGAIN – EVERY STEP MADE BY THE LPS BUSINESS OFFICE MUST FLOW THROUGH CITY HALL/AUDITING. Requisitions must be APPROVED by City Hall and checks cut on behalf of LPS are reviewed and cut by CITY HALL. Per the PO below, a PO was entered to have LPS Food Service BILL LPS LOCAL as done for over a decade. This purchase order and subsequent check was APPROVED by City Hall.

**Bill To**

LOWELL PUBLIC SCHOOLS  
CENTRAL ADMINISTRATION OFFICES  
155 MERRIMACK ST  
LOWELL, MA 01852  
978-674-4325  
Email: [accountspayable@lowell.k12.ma.us](mailto:accountspayable@lowell.k12.ma.us)

**CITY OF LOWELL**

PURCHASING DEPARTMENT  
375 MERRIMACK STREET  
ROOM 60  
LOWELL, MA 01852-1095  
(978) 674-4110

**Purchase Order**

Fiscal Year 2022

Page: 1 of 1

**THIS NUMBER MUST APPEAR ON ALL INVOICES,  
PACKAGES AND SHIPPING PAPERS.**

Purchase Order #

**22201444**

Delivery must be made within doors of specified destination.

**Vendor**

LOWELL PUBLIC SCHOOLS  
SCHOOL FOOD SERVICE  
155 MERRIMACK STREET  
LOWELL, MA 01852

??  
1

**Ship To**

LOWELL PUBLIC SCHOOLS  
CENTRAL ADMINISTRATION OFFICES  
155 MERRIMACK ST  
LOWELL, MA 01852  
Email: [accountspayable@lowell.k12.ma.us](mailto:accountspayable@lowell.k12.ma.us)  
978-674-4325

## THINGS TO ACKNOWLEDGE:

- 1) Everyone involved was trying to **respond to a global pandemic and all of its curveballs**. No one benefited from these transactions. Even the vendor did not get a profit on the water.
- 2) There was **no FALSIFYING DOCUMENTS OR VENDORS**. This process of treating LPS FS as a vendor was created by Auditing. LPS cannot create vendors on their own. We also know that any checks we cut must be approved and cut by City Hall.
- 3) LPS staff recognizes the need to work closely with City Hall and make every attempt to build bridges so that the work can be efficient and expedited. We will continue to work with them to improve systems and make any necessary changes.
- 4) Seventy percent of Business Office staff retired or resigned during the pandemic and, thus, researching this took more time than normal.
- 5) Multiple methods of paying the bill to vendor are being considered.
- 6) We still need to pay our vendor who has worked hard with us during the pandemic to change course as needed and make sure that families were fed. They provided us with water for our students and staff and made it seamless. Again, we will pay the cost they paid for water – no profit.

## Bottled Water Back Up

2



Turner, Billie Jo

Tue 12/14/2021 1:47 PM

To: Baldwin, Conor <CBaldwin@lowellma.gov>; Oakes, Kelly <KOakes@lowellma.gov>

Hi Conor and Kelly - let me know what time we will meet tomorrow. Below is an email from S. Lagasse, me and Jacky trying to decipher/summarize what happened. I am sending this to read before we meet so it gives you time to help brains solution. Please and thanks for your help with this.

Billie Jo



## Emails and Texts to City Auditor & Solicitor btw Nov and January



Turner, Billie Jo

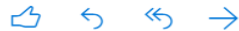
Thu 1/6/2022 2:35 PM

To: Marcotte, Sarah G. <SMarcotte@lowellma.gov> +2 others

Happy New Year Chris and Sarah,

I am officially being attacked by Covid so I am not at the office. I snuck in last night to get stacks of papers and just saw the note from our last meeting that Christine was going to talk with Kelly about another option of handling the Aramark water situation. As Chris said, the settlement idea is not beneficial or in line with the intentions of settlements. Chris- you had mentioned talking to Kelly about amending the Aramark language to eliminate the conflicting legal language. One part says that water is allowed to be provided by Aramark but the other part says we cant pay them for non-reimbursable costs. Did you get a chance to speak with Kelly about this? I wasnt sure if you had the opportunity since we met right before the holidays. Can you please give me an update so I know where to go from here. Please and thanks.

Billie Jo



From: Turner, Billie Jo <bturner@lowell.k12.ma.us>

Sent: Monday, November 22, 2021 11:30 AM

To: Vaughn, Michael <PMVaughn@lowellma.gov>; Oakes, Kelly <KOakes@lowellma.gov>

Subject: Fw: Bottled water

Hello Michael and Kelly,

The purchase of bottled water happened due to not having water for kids during covid due to not wanting students to use bi  
When asked, they

From: Moffett, Beth <BMoffett@lowellma.gov>

Sent: Thursday, August 27, 2020 5:04 PM

To: Hall, James <jhall@lowell.k12.ma.us>

Cc: Underwood, Richard <runderwood@lowell.k12.ma.us>; Busteed, Marianne <MBusteed@lowell.k12.ma.us>

Subject: FW: water

Hi Jim,

Sorry, one more concern that we talked about. Since the water bubble not be allowed to be used, I reached out to my Director and she said the school department needs to have a source of water for the students. P

To: Kelly Oakes City Auditor

Thanks - saving it now

Tue, Dec 7, 9:53 AM

Hi Kelly - can you call me to discuss water bill

Thu, Dec 9, 9:21 AM

Kelly- Sharon is available to talk tomorrow morning. Do you have any time good for you?

Do you have specific questions I can share with her?

Fri, Dec 10, 7:58 AM

Sorry, I am just swamped at this time. My specific questions are in the email. I don't understand the transaction that Payton Ramos put through. I would have to read the Aramark contract it seems I just don't understand any of what's going on. Any new purchase of water needs to go through the po process.

Ok I understand.



Turner, Billie Jo

Thu 1/6/2022 9:57 PM

To: O'Connor, Christine <CO'Connor@lowellma.gov> +2 others

Cc: Oakes, Kelly <KOakes@lowellma.gov>

Thanks for this response. I started answering all of them but thought it best for me to confirm before sending the answers. I, too, agree that it is a bad bill. During COVID, water was provided to students due to not having access to bubblas but was handled incorrectly. Thus, it is indeed a bad bill. It was a mistake made worse when a correction was attempted. I will get back to you soon.



# Lowell Public Schools

## Emergency Purchase of Bottled Water During COVID

### Timeline/Issues

- Aug 2020 We were told by City Hall that we could not use the water fountains in school. Please see attached email from Beth Moffet referencing an earlier directive to NOT use the water fountains but must still offer a water source. Dilemma: *7 CFR 210.10(a)(1)(i) demands that schools must make potable water available and accessible without restriction to children at no charge in the place(s) where lunches are served during the meal service.*
- Aug 2020 Aramark sent an email stating that other districts faced the same issue with water fountains and they could provide water for .16 cents a bottle. This gave us the immediate solution to ensure that students had access to water especially since they were forced to wear face masks all day.
- Sept 2020 Water begins to be provided by Aramark based on orders from principals with rule of thumb being two bottles per student per day. Orders of water from September to April were minimal due to the low numbers of students attending at this time.
- April 2021 Water orders increased due to all students returning to school
- July 2021 Invoice received for prior school year from Aramark (seems to include the April, May and June period). Since it was learned that the water cannot be paid like milk due to being non-reimbursable, we were left in the situation with having a bill without a purchase order or contract.
- Aug 2021 Purchase order was created for additional water use using the amount of the previous year bill as the starting amount since we didn't know how much we would need. Unfortunately, this purchase orders should have had a local or esser account number as the account to charge but it had the revolving account (which had previously been deemed unacceptable)

Sept 2021	Aramark reached out to JK regarding invoice payments and explained that the one \$119k payment had been issued from Lowell to Lowell but not to Aramark. Thus, they still had unpaid bills for previous year and current year.
Oct 29 2021	<p>Aramark sought payment from Payton who asked for CFO guidance on where the past year bill should be charged. Aramark emailed CFO asking about current year bills getting paid.</p> <p>Check was cut from City Hall and was deposited by LPS into revolving account. Unfortunately, the purchase order was mistakenly charged to the revolving account when it should have hit the local or ESSER acct. This caused a check to be cut from revolving and deposited back into the account. The vendor has still not been paid.</p>
Nov 2021	<p>Aramark reached out to CFO asking for help getting the past year and current year bills paid. CFO did not know there had been a problem getting it paid.</p> <p>Spoke to City Auditor regarding the bills not being paid. She explained that she had questions regarding the bottled water purchase including whether it should have gone through the bid process. I had to research before I could answer.</p> <p>Payton emailed Auditor asking why <u>req</u> for emergency water was not processed. Payton incorrectly stated that it does not need a contract when it should have been stated that it falls under the existing FS contract. The Auditor emailed Purchasing to ask about the validity of this being an emergency purchase. Purchasing emailed me asking for clarification. I started reaching out to Jacki and James to get history on this.</p>
Nov 19, 2021	CFO emailed LPS staff stating that the bottled water purchases with Aramark should stop since there were questions from City Hall regarding the purchase. CFO also notified Sharon Lagasse that water purchases must stop due to issues and we must go through state contract even though it was more expensive.



Nov 22, 2021 CFO emailed Auditor and City CPO explaining what she had learned about why the bottled water purchase was made to keep them up to date on what I had learned thus far. Since all the staff involved were no longer with us, we were still in research mode at this point. Due to holidays, it was hard to get in touch with people.

### Thanksgiving Holiday

Dec 7, 2021 CFO texted City Auditor asking if we could discuss the water bill updates  
Auditor emailed with documentation and questions regarding this water purchase situation. She asked to speak to those involved.

Dec 8, 2021 Jacki and Sharon both agreed to meet but technical issues arose when we tried to have a zoom call.

Dec 9, 2021 CFO texted Auditor to tell her that the staff would be available to talk to her on the 10<sup>th</sup>. She texted back and said that she is swamped and cannot do it.

Dec 11, 2021 End of Year report issue – JK faced numerous issues with connections to Munis and security portal during her weekends working on the report. Worked with new auditor to get this certified before December 15<sup>th</sup>.

Dec 14, 2021 CFO emailed summary of findings regarding bottled water purchase to City Auditor and City CFO along with confirmation for the group phone call that would occur on 12/16/22 with City CFO, City Auditor, CPO and Deputy CFO.

Dec 16, 2021 2:30 PM phone call with LPS CFO and City Hall staff listed above The City CFO suggested that we could pay the vendor through the settlement process.

Dec- Jan	Numerous Business Office staff contracted COVID.
Dec 21, 2021	During our meeting with Law, it was agreed that the Solicitor would discuss the options with the Auditor since she did not agree with the settlement idea.
	<b>Christmas Holidays &amp; CFO caught COVID</b>
Jan 6, 2022	CFO texted City Auditor and emailed the Solicitor for an update. The Solicitor responded the same day <u>with</u> a list of additional questions.
Jan 6, 2022	CFO responded to City Solicitor and City Auditor explaining that she had answers but needed to CONFIRM that she understood correctly BEFORE sharing. Due to COVID throughout the office and delays with contacting former staff during the holidays, there were delays getting the information. However, every attempt had already been made to explain and avoid further issues. The remaining issue was how to get the vendor paid for the outstanding invoices.
Jan 2022	CFO informed School Committee about water bill issue
Jan 28, 2022	CFO received memo from City Solicitor and City Auditor regarding the bottled water
Feb 2, 2022	Bottled water discussed at SC meeting with Auditor and Solicitor present
Feb 8, 2022	Bottled water discussed at City Council. City Auditor stated that she had not heard back from us since November. Per the attached emails and texts, there have been numerous responses in addition to phone calls. I have inserted such responses into timeline as well.